

## Old Age, Disability, Death

First law: 1951.

Current laws and directives: 1953 law, and 1978, 1996 and 1997.

Type of program: Local government social insurance (basic pension) and individual pension accounts systems.

(Provincial and city/county social insurance agencies and employers adapt central government guidelines to local conditions.)

**Exchange rate:** U.S. \$1.00 equals 8.27 yuan.

### Coverage

Employees in state-run enterprises. Collective, private, and foreign-invested enterprises (Chinese nationals only) and/or the self-employed, may provide similar or separate programs, depending on local government regulations. Employees of government and party organizations, and cultural, educational, and scientific institutions (off-budget financed institutions excepted) are covered under government-funded employer-administered system.

### Source of Funds

**Insured person:** Basic pension insurance—none or as determined by local government regulations. Individual pension accounts—At least 5% of taxable wage, to gradually rise to 8% (1% increase per year).

**Employer:** Basic pension insurance—average 20% of payroll, depending on local government regulations, if participating in city/county retirement pension pools; whole cost if not participating. Individual pension accounts—6%, gradually reduced to 3% (so that combined employer and employee contributions total 11% of taxable wage).

**Government:** Basic pension insurance and individual pension accounts—central and local government subsidies as needed.

### Qualifying Conditions

**Old-age pension:** Basic pensions insurance and individual pension accounts—Age 60 for men and professional women, 55 for non-professional salaried women, 50 for other women (55 for men and 45 for women, if arduous or unhealthful work) with a minimum of 15 years' coverage.

Early retirement at age 50 (men) or age 45 (women) with 10 years' coverage, if totally disabled.

**Disability pension:** Total incapacity for work and ineligible for early retirement.

Survivor grant: Deceased was in covered employment or pensioner.

### Old-Age Benefits

**Central government guidelines—basic pension:** 20% of the citywide or countywide average wage of preceding year if enterprise participating in city/county retirement pension pools. None if less than 15-year coverage.

**Central government guidelines—individual pension accounts:** Monthly benefits payable equal to 1/120 of total of employer and employee contributions plus interest, applicable to workers employed after establishment of individual pension accounts (transition arrangements by local governments for workers whose employment began before introduction of individual accounts and ended after). Benefits beyond 120 months will be paid out of reserve fund from balances of employer contributions to individual accounts

closed upon death of account holders (see central government guidelines for survivor grants under individual pension accounts below).

Lump sum of account balance, if less than 15 years' contributions.

Minimum pension: Provincial and city/county governments set the amount according to local standards of living.

### Permanent Disability Benefits

**Central government guidelines—basic pension:** 40% of wage. Provincial and city/county governments set minimum benefit according to local standards of living.

**Central government guidelines—individual pension accounts:** none. Regulations by local governments vary.

### Survivor Benefits

**Central government guidelines—basic pension:** Lump-sum of 6-12 months' wage of deceased, according to number of surviving dependents.

Funeral grant: Death of insured—lump sum of 2 months' average earnings of all employees in same enterprise; death of dependent immediate family members, 1/3-1/2 of 1 month's average wage depending on age of deceased.

**Central government guidelines—individual pension accounts:** Lump sum equal to balance of employee's total contributions to the account plus interest, payable to legal heir of deceased.

### Administrative Organization

Ministry of Labor and Social Security, Department of Pensions, general guidance.

Provincial or city/county social insurance agencies, administration of respective retirement pension pools and individual pension accounts.

## Sickness and Maternity

First law: 1951.

Current law and directives: 1953, 1978 (directives for permanent employees) 1986 (for contract workers), 1988 and 1994 (for women employees), and 1998.

Type of program: Local government social insurance (medical fund pools) and/or employer-provided (medical savings accounts) programs. Local governments and employers adapt central government guidelines to local conditions. (Introduction of new central government health insurance directives expected in 1999, including prototype of personal medical insurance accounts.)

### Coverage

Permanent and contract employees in state-run enterprises and some collective enterprises.

Employees of government and party organizations, cultural, educational, and scientific institutions (off-budget financed institutions excepted) and, university students are covered under government-funded and employer-administered programs.

### Source of Funds

**Insured person:** Up to 2% of wages.

**Employer:** Average 6% of total payroll (may or may not include non-wage subsidies), depending on funding needs or local

government regulations (if local government fund pooling available and if enterprises participating).

Non-participating enterprises: Whole cost.

**Government:** Central and local government subsidies as needed.

### Qualifying Conditions

**Sickness, maternity, and medical benefits:** No minimum qualifying period.

### Sickness and Maternity Benefits

#### Central government guidelines for permanent

**workers—Sickness benefit:** 60%-100% of wage, according to length of service (60% if employed less than 2 years, 70% if 2 but less than 4 years, 80% if 4 but less than 6 years, 90% if 6 but less than 8 years, and 100% if employed 8 years or more). Payable by employer for up to 6 months each year; 40% to 60% payable by employer thereafter until recovery or determination of permanent disability: 40% if employed less than 1 year, 50% if 1-3 years, and 60% if employed 3 years or more.

**Maternity benefit:** 100% of earnings payable by employer for up to 90 days in connection with childbirth. 100% of earnings payable for up to 42 days in case of abortion.

**Central government guidelines for contract workers—**Same as for permanent workers.

### Workers' Medical Benefits

#### Central government guidelines for permanent

**workers—Medical benefits:** Medical services either provided in employer's clinic or hospital, or paid for directly by employer. Includes treatment by doctor, maternity care, bed, and full cost of surgery and ordinary medicines. Employee pays registration fee for outpatient and inpatient care, house calls, and board if hospitalized. Additional employee co-payments may apply, varying according to individual enterprises or local government regulations (for participating enterprises in local government medical care insurance pools).

**Central government guidelines for contract workers—**Same as for permanent workers.

### Dependents' Medical Benefits

#### Central government guidelines for permanent

**workers—Medical benefits for dependents:** Treatment by doctor in employer's clinic, and 50% of cost of surgery and ordinary medicines, if dependents not otherwise covered. Additional patient co-payments may apply, varying according to individual enterprises or local government regulations (for participating enterprises in local government medical care insurance pools).

**Central government guidelines for contract workers—**Same as for permanent workers.

### Administrative Organization

Ministry of Labor and Social Security, Department of Medical Care Insurance, general guidance of local governments' experimental medical insurance programs. Local government social insurance agencies and participating enterprises, administration of medical care insurance with pooled funds.

Ministry of Public Health, general guidance of medical care providers. Individual state-run enterprises, administration of cash benefits programs.

## Work Injury

First law: 1951.

Current law and directives: 1953 law, 1978 (permanent employees) and 1986 (contract workers) directives.

Type of program: Local government social insurance (work-injury fund pools) and/or employer-provided (medical savings accounts) programs. Local governments and employers adapt central government guidelines to local conditions.

### Coverage

Employees in state-run enterprises, and some collective enterprises. Employees of government and party organizations, cultural, educational, and scientific institutions (off-budget financed institutions excepted), and university students covered under government-funded and employer-administered programs.

### Source of Funds

**Insured person:** None.

**Employer:** Enterprises participating in local government work-injury fund pooling—average 1% of payroll. Non-participating enterprises—Whole cost.

**Government:** Central and local government subsidies as needed.

### Qualifying Conditions

**Work-injury benefits:** No minimum qualifying period.

### Temporary Disability Benefits

#### Central government guidelines—Temporary disability benefit:

100% of wage during temporary disability until recovery or determination of permanent disability.

### Permanent Disability Benefits

**Central government guidelines—Permanent disability pension:** 75%-90% of wage, if totally disabled.

Lump-sum disability allowance: 6-24 months' wage.

Minimum pension: Provincial and city/county governments set minimum pension amounts according to local standard of living.

Partial disability: 10% to 30% of wage, according to earnings loss: 10% of wage if 11%-20% earnings loss; 20% if 21%-30% earnings loss; and 30% of wage if 30% or more earnings loss.

### Workers' Medical Benefits

**Medical benefits:** Medical treatment, surgery, nursing, medicine, appliances, transportation, and hospitalization. Employee co-payments may apply varying according to individual enterprises or local government regulations (if enterprises participating in local government work-injury disability and medical care insurance pools).

### Survivor Benefits

**Central government guidelines—Survivor pension:** 40% of wage of deceased for spouse, 30% for every other dependents.

Lump-sum death allowance: 48-60 months' wages.

Funeral grant: 6 months' wages.

#### **Administrative Organization**

Ministry of Labor and Social Security, Department of Medical Care Insurance, general guidance.

Local government social insurance agencies and participating enterprises, administration of programs under local government medical care fund pools.

Non-participating enterprises: Individual state-run enterprises, administration of programs.

## **Unemployment**

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First and current directives: 1986, and 1999.

Type of program: Local government social insurance programs.

Local governments and employers adapt central government guidelines to local conditions.

#### **Coverage**

Permanent and contract workers in state-run enterprises, and some collective enterprises.

#### **Source of Funds**

**Insured person:** 1% of earnings.

**Employer:** 2% of payroll.

**Government:** Local government subsidies.

#### **Qualifying Conditions**

**Unemployment benefit:** At least 1 year in covered employment, involuntary termination of employment, registration at and regularly reporting to local employment service agencies, and actively seeking employment.

#### **Unemployment Benefits**

**Unemployment benefit:** Benefit amount determined by local governments at a level higher than local public assistance benefit, but lower than local minimum wage. Payable for 1 year if less than 5 years of coverage, for 1.5 year if 5 or more years but less than 10, and for 2 years if 10 or more years of coverage.

#### **Administrative Organization**

Ministry of Labor and Social Security, Department of Unemployment, general guidance.

Local social insurance agencies, administration of program.